Frequently Asked Questions Regarding Due Diligence Reviews

1. Question: “Licensed accountant” is not a defined term. Is the “Due Diligence Review” task only to be performed by an accountant who has a license issued by the Department of Consumer Affairs?

   Answer: If the local decision is to not use the county auditor-controller to perform the due diligence review, then an accountant licensed by the Department of Consumer Affairs, California Board of Accountancy, must be used.

2. Question: Is the concept of “experience and expertise in local government accounting” subject to the discretion and judgment of the successor agency or does the SCO and DOF want to define a set minimum number of years of experience?

   Answer: Determining the appropriate amount of experience and expertise in local government accounting is at the discretion and judgment of the successor agency. We will not be establishing a requirement for a minimum number of years of experience.

3. Question: Who should engage the accountant for this task and how should the County’s approval be communicated?

   Answer: It is up to the successor agency to engage the entity that will be performing the Due Diligence Reviews. When submitting the Due Diligence Review to the DOF, the successor agency shall include a cover page that indicates whether the due diligence review was conducted by a licensed accountant or the county auditor-controller along with verification of approval or concurrence of the due diligence reviewer by the appropriate entity.

4. Question: If the Auditor-Controller does this work, do any personnel used have to also be “licensed accountants”?

   Answer: No.

5. Question 2: AB 1484 requires each successor agency to employ a licensed accountant to conduct a due diligence review. Does the cost for this requirement need to come out of the administrative budget of the successor agency?

   Answer: To the extent available the cost for the due diligence review should be paid out of the current administrative cost allowance. If there is not sufficient RPTTF available, HSC section 34173 (h) allows the successor agencies to obtain a loan for the cost. This loan, if approved by the successor agency’s oversight board, would qualify as an enforceable obligation. HSC section 34177.3 (b) also allows successor agencies to create an enforceable obligation to conduct the work of winding down the redevelopment agency. The enforceable obligation must be included on the ROPS and approved by the oversight board.